

**Recommended Changes to SEDC/CCDC Operating Agreements/Bylaws
(As of March 25, 2009)**

Attachment 1

IBA Recommendations		Mayor's 3/20/09 Proposal	Audit Committee Motion 3/23/09 * Rules Committee Motion 3/25/09 **
A	GOVERNANCE-Consider creating additional SEDC/CCDC Board positions and appoint the Redevelopment Agency's Deputy Director to serve as City representative/voting member to these Boards. This is suggested in lieu of the Mayor's proposal to add two new members, one representing the Mayor's Office and one representing the City Council, to avoid the "compatibility of office" issue. (Addresses Audit Rec. #1)	2. Expand the Corporation Boards of Directors to include a voting member appointed as a Mayoral appointee and a voting member appointed by the City Council	Amended Mayor's Item 2 to expand Corporation Boards with a Mayoral appointee, but not a City Council appointee
B	BOARD EXPERTISE- Recommend SEDC bylaws be changed to require 2-3 SEDC Board members to have specific expertise e.g. Finance, Real Estate, Law.	Not addressed	Included IBA Item B "Board Expertise"
C	EXECUTIVE HIRING- Recommend City Council and Mayoral representatives serve on a panel with each Corporation Board to participate in recruitment, interviewing and appointing the Executives. Amend bylaws to require Agency confirmation of the appointees. Currently, the Boards have sole authority to hire the Executive.	1. Designate the Mayor as the appointing authority of each corporation's CEO, subject to City Council confirmation, and grant the Mayor termination authority, subject to a right of appeal to the City Council. Include the creation of candidate selection committees for each CEO search to be comprised of 1 Mayoral representative, 2 members of the City Council, and 2 members of the Corporation. The selection committee shall screen potential candidates and provide the Mayor with not less than 4 candidates to select from. The Mayor may select one of the forwarded candidates, or may reject the applicants and require a new recruitment process	Amended Mayor's Item 1 to provide the Mayor with authority to suspend and terminate the executive officer subject to appeal to the City Council which must be supported with a two-thirds vote. Provide the Mayor with authority to replace the CEO with an interim officer during the appeal process. Amended Mayor's Item 1 to have a candidate selection committee comprised of one representative from the Mayor, one from the City Council, one from the Corporation Board. The selection committee shall provide no less than 3 candidates to the Mayor who shall appoint the CEO subject to confirmation by the City Council which must be supported with a two-thirds vote.

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D	POLICIES/PROCEDURES- Require the development of policies/procedures for personnel, finance, budget, expenditure allowances, purchasing, ethics, recordkeeping; and adherence to them. If no policy, City policy will apply. Require systematic review and update to remain current with best practices. Require Board to approve all such policies. Those impacting the Agency's authority shall be approved by the Agency upon recommendation by the Boards. (Addresses Audit rec's. #1,8,10,11,12,13,14,15,18, 29)	3. Corporation boards shall adopt purchasing and contracting policies that establish limits for staff level approval of contracts and provide for timely public disclosure of such executed contracts; 9. Any violation of City policies constitutes breach of the Operating Agreements; 11. Corporation board must approve all internal contracts and fiscal policies before submission to City CFO for approval; 14. Corporation board must develop and approve a Personnel Manual that is updated annually	Amended Mayor's language to include IBA Item D "Policies/Procedures"
E	CFO REVIEW OF FISCAL POLICIES- Require Corporations to review all fiscal and budget policies with the City's CFO and solicit the CFO's input prior to Board approvals, but not require approval of said policies by the City's CFO as recommended in Audit. (Partially addresses Audit rec. #17)	11. Corporation board must approve all internal contracts and fiscal policies before submission to City CFO for approval	Approved Mayor's Item 11 as is.
F	BUDGET PROCESS- Require Corporations to adhere to the City's budget process including financial parameters and guidelines, timelines, format and information. Prior to Agency approval, recommend that Financial Management perform a line item review, comment and critique, and ensure that requested revision revisions are made or, if not made, FM to report deviations to the Agency during budget reviews. (Addresses Audit Rec's. 1, 20, 21,22)	7. Corporations must follow City administration budget policies in any administrative budget submission. Any submission must first be submitted to the City CFO for review prior to submission to Redevelopment Agency	Approved Mayor's Item 7 as is.

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G	CITY REIMBURSEMENTS-Recommend that the Corporation's CFO submit requests for reimbursement of eligible expenses for Board approval prior to the request being made to the City Comptroller's Office.	Not addressed	Not addressed
H	BOARD TRAINING- Require that on a routine basis, the Boards will receive training that shall, at a minimum, cover the Board's fiduciary responsibilities, redevelopment trends and best practices, and redevelopment-related finance. Require attendance at all training to remain on the Boards. (Addresses Audit rec. #7)	10. Corporation board member training in ethics, fiduciary duties and governance shall occur every 2 years with submission to City CFO of training certificate	Approved Mayor's Item 10 as is.
I	PUBLIC INFORMATION - Require Corporations to provide certain key documents and information to the public via their website including Board agendas and related backup reports and documents; current adopted budget; annual financial reports, Corporation bylaws and policies.	Not addressed	Included IBA Item I "Public Information"
J	STRATEGIC PLAN-Require Corporations to develop a multi-year strategic plan that reflects the needs of the community as determined through extensive community outreach and lines up with the vision of the City. Report to LU&H annually. (Addresses Audit Rec. #28)	Not addressed	Included IBA Item J "Strategic Plan"
K	SEDC AUDIT COMMITTEE- Require SEDC to establish its own Audit Committee.	Not addressed	Included IBA Item K "SEDC Audit Committee" and included requirements that the Boards follow Closed Session: policies identical to the City Council's closed session policies.

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L	DOCUMENT REVIEW - Require Corporations to allow City to inspect all corporate documents without advance notice (City Attorney suggestion).	4. City has the right to inspect all documents and records, including but not limited to, financial records and personnel records, at a reasonable time to be established but no later than 10 days after written request by the City	Approved Mayor's Item 4 approved as is.
M	PERFORMANCE AUDITS - Require regular Performance Audits paid for by the Corporations (City Attorney Suggestion).	5.City has the right to order a performance audit, to be paid for in full by Corporation, no more than once per year	Approved Mayor's Item 5 approved as is.
N	CITY- City shall be responsible for promptly filling vacant and/or expired Board positions.	Not addressed	Added the following language: "Amend San Diego Municipal Code to prohibit the Comptroller from expending any tax payer funds on either agency when the boards of that agency has less than two-thirds valid current appointments."
O	CITY- City shall be responsible for providing direction to Corporations on financial guidelines, information and format of the budget to be submitted by the Corporation.	Not addressed	Not addressed
P	CITY -Consider the Budget and Finance Committee convene as a Subcommittee of the Redevelopment Agency to review the proposed budget in advance of the Agency's review and adoption.	Not addressed	Not addressed

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Q	CITY- Chief Financial Officer's quarterly financial status report to the City Council to include Corporation's financial status and pertinent project area data. Format to be developed by the City in consultation with the Corporation's CFO. SEDC to meet City timelines and information needs.	Not addressed	Not addressed
R	CITY - Create Redevelopment Committee. This item was raised at Rules Committee.	Not addressed	Not addressed
S	Not Addressed by IBA	6. Corporations shall perform annual financial audits and submit them to the City	Mayor's Item 6 approved as is.
T	Not Addressed by IBA	12. Any line item transfers of budgeted funds must be approved by Corporation board on a monthly basis	Mayor's Item 12 approved as is.
U	Not Addressed by IBA	13. Corporation board must approve total compensation to senior officers annually, including salary, benefits, and performance pay	Mayor's Item 13 approved as is.
V	Not Addressed by IBA	15. Corporation board is required to review financial statements and verify with certification by board, CFO, and CEO	Mayor's Item 15 approved as is.

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W	Not Addressed by IBA	16. Corporation board is to review and approve monthly financial statements, presented by the Corporation CFO, comparing actual to budget with any variance fully disclosed and explained. These statements are to be submitted to the City CFO	Mayor's Item 16 approved as is.
X	Not Addressed by IBA	17. Corporation Boards of Directors must follow redevelopment law	Mayor's Item 17 approved as is.
Y	Not Addressed by IBA	8. Mayor has the right to suspend and recommend approval by Council of any Corporation Board members based upon breach of operating agreement.	Mayor's Item 8 approved as is.

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